

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 AGR-05 AID-05 CEA-01  
CIAE-00 COME-00 EB-07 EA-07 FRB-03 INR-07 IO-13  
NEA-10 NSAE-00 USIA-06 OPIC-03 SP-02 TRSE-00  
LAB-04 EPG-02 SIL-01 OMB-01 /090 W  
-----011808Z 025636 /50

P 011757Z JUN 77

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC PRIORITY 3636

AMEMBASSY PARIS PRIORITY

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USOECD

E.O. 11652: N/A

TAGS: OECD, ECON, CA

SUBJECT: POSTPONEMENT OF ECONOMIC AND DEVELOPMENT  
REVIEW COMMITTEE (EDRC) REVIEW OF CANADA

REF: A. PARIS 16053; B. OECD PARIS 15465

1. SUMMARY. EMBOFF DISCUSSED POSTPONEMENT OF EDRC  
REVIEW OF CANADA WITH DAVID SLATER, DIRECTOR OF ECONOMIC  
ANALYSIS DIVISION, DEPARTMENT OF FINANCE. SLATER TOOK  
ISSUE WITH PAPER ON NUMBER OF COUNTS, INCLUDING  
SECRETARIAT'S DESCRIPTION OF CANADA'S MONETARY POLICY,  
EXTERNAL TRADE AND INFLATION FIGHT. END SUMMARY.

2. ACCORDING SLATER, OECD SECRETARIAT HAD PREPARED  
INACCURATE DESCRIPTION OF CANADIAN ECONOMY AND ECONOMIC  
POLICY, AND ALTHOUGH CANADA WILLING TO BE SHOWN "WITH  
ALL ITS WARTS," CANADA UNPREPARED TO ACCEPT SECRETARIAT  
PAPER WHICH DID NOT GIVE ADEQUATE PICTURE OF CURRENT  
SITUATION.

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3. SLATER SAID THAT SECRETARIAT'S ANALYSIS OF CANADIAN  
MONETARY POLICY WAS COMPLETELY OFF THE MARK AND HE WAS  
WORKING WITH BANK OF CANADA OFFICIALS TO PRESENT  
SECRETARIAT WITH "TRUE" DESCRIPTION OF CANADIAN CENTRAL  
BANKING OPERATIONS.

4. "THEY'VE GONE BEYOND THEIR COMPETENCE," SAID SLATER, WHEN REFERRING TO SECRETARIAT'S DESCRIPTION OF CANADIAN EXTERNAL TRADE. ACCORDING SLATER, SECRETARIAT MIGHT HAVE REFERRED TO CERTAIN STRUCTURAL IMBALANCES IN TRADE, BUT SECRETARIAT DID NOT SEEM TO UNDERSTAND CANADIAN POLICY WITH REGARD TO RESOURCE INDUSTRIES.

5. PARTICULARLY UPSETTING TO SLATER WERE SECRETARIAT'S ANALYSIS OF INFLATION IN CANADA AND ITS FAILURE TO UNDERSTAND THAT CANADA HAD EMBARKED ON LONG-TERM MEASURES TO COMBAT INFLATIONARY PRESSURES. HE SAID GOC HAS TAKEN "TREMENDOUS AMOUNT OF FLACK" FOR FOLLOWING CONSISTENT POLICY OVER PAST TWO YEARS, AND FOR SECRETARIAT NOT TO ACKNOWLEDGE THIS FACT WAS SOMEWHAT GALLING.

6. FAULT FOR WHAT HE CONSIDERED BAD SECRETARIAT PAPER, ACCORDING SLATER, WAS PARTLY DUE TO FACT THAT BEFORE PREPARATION OF PAPER, SECRETARIAT TEAM DID NOT MEET WITH TOP GOC OFFICIALS, WHO COULD HAVE MORE PRECISELY EXPLAINED GOC POLICY AND EXPECTATIONS.

7. SLATER SAID THAT REVIEW WOULD NOW PROBABLY TAKE PLACE JUNE 30 OR JULY 1, AND HE WOULD PREFER JUNE 30. ENDERS

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## Message Attributes

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**TAGS:** ECON, CA, OECD, (SLATER, DAVID)  
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**Review Markings:**  
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